

REDACTED – FOR PUBLIC INSPECTION

**CENTURYLINK'S OCTOBER 14, 2014 RESPONSE
TO INFORMATION, DATA AND DOCUMENT REQUEST**

WC DOCKET NO. 14-9

CenturyLink hereby provides the following response to Questions 2 through 13 of the Commission's September 12, 2014 data request.

2. *Identify and describe each customer category that CenturyLink uses to market the **Listed Services** or to monitor the sales of such services. Include the specific characteristics that distinguish each customer category. For example, identify whether CenturyLink distinguishes:*
- a) "national" customers from other customers with more regional characteristics;*
 - b) customers that purchase for resale to retail purchasers;*
 - c) mobile providers from other customers;*
 - d) customers on the basis of sales volumes, or some other characteristic(s).*

Provide documentary evidence for each identified customer category.

Response:

Due primarily to regulatory considerations, CenturyLink generally has maintained separate retail and wholesale business units and corporate functions.

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3. *Explain how CenturyLink markets each of the **Listed Services** to (or monitors the sales of) each customer category identified and defined in Question 2 above. For example, are certain customer categories typically assigned to a dedicated account manager? What kind of customer support is given to customer categories that are not assigned to a dedicated account manager? How does CenturyLink market and advertise to each customer category? For example, are certain kinds of advertising or marketing strategies created exclusively for one or more customer categories versus broader approaches, such as mass mailings, seminars and conferences, mass media, etc.? Provide documentary evidence for the described activities.*

Response:

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4. *CenturyLink asserts that it is unable to effectively compete in certain product markets with its **Listed Service** offerings. Identify the product market into which the each of the **Listed Services** falls and provide an explanation and documentary evidence to support that categorization.*

Response:

In the *Enterprise Broadband Forbearance Orders*, the Commission analyzed the state of competition for enterprise broadband services as a group. As CenturyLink discussed in its Petition, that continues to be the proper approach, given that there is not a stand-alone market for any of these services, but rather a wider market for higher-capacity services provided to enterprise customers through various technologies.¹ Enterprise broadband services, such as the Listed Services, are largely interchangeable. Customers essentially purchase a particular amount of bandwidth for a certain price and choose the capacities and features of available services that best fit their needs.

Indeed, it is not uncommon for customers to consider more than one of the Listed Services to meet their needs. Highly Confidential Attachment 4A provides recent examples of such apparent comparison shopping. In the first listing, for example, a wholesale customer in Las Vegas asked for price quotes for both SONET and Ethernet Transport on the same day for the same location. In other examples, customers request contemporaneous quotes for the same location for various combinations of the Listed Services, confirming that customers view these services as effective substitutes for each other.

This substitutability is at least partly a function of overlapping life cycles of enterprise broadband services. Like all communications services, the Listed Services progress through a natural life cycle. As analyst Gartner notes, the Listed Services fall into different parts of this life cycle. Services such as Ethernet are relatively early in their life cycle, while Frame Relay is near the end of its cycle.² New services constantly “are being introduced and replacing older technologies[.]”³ With regard to Frame Relay, for example, Gartner recommends that customers begin the migration to one of a number of newer services, including Ethernet.⁴ The key is that “[f]or each service, substitutes exist, and often a predecessor and a successor offering are available.”⁵

5. *To the best of your ability, provide the following information. If available, provide information for each exchange in which CenturyLink seeks relief. If information is not*

¹ CenturyLink Petition for Forbearance, WC Docket No. 14-9, at 21-22 (filed Feb. 28, 2014) (Petition).

² See *IT Market Clock for Communications Services, 2014*, at 4 (Sept. 11, 2014), Confidential Attachment 4B.

³ *Id.* at 11.

⁴ *Id.* at 26.

⁵ *Id.* at 12.

available at the exchange level, provide the information at the study area or county level, whichever is smaller. Using internal data or data available to you from a third party, such as GeoResults:

- a. Provide a list of commercial buildings in which competitors have their own facilities, including facilities leased under an **IRU**, but excluding **UNEs** and other leased facilities, and the names of the providers that serve each commercial building. To the extent you are unable to provide that information, provide the number of commercial buildings in which a competitor has its own facilities, including facilities leased under an **IRU**, but excluding **UNEs** and other leased facilities; and*

Response:

CenturyLink provides the requested information in Highly Confidential Attachment 5A. This information comes from GeoResults' National Competitive Infrastructure Databases, which rely primarily on Telcordia CLONES network equipment-level databases. The Telcordia databases contain the individual network equipment records that were entered by service providers themselves, enabling GeoResults to identify the "currently doing business as" name of each service provider that has placed fiber-enabled network equipment at each building location. Thus, if Provider A has fiber equipment in a building, but leases the facilities to that building to Provider B, GeoResults will typically identify that building as being served by Provider A, rather than Provider B.

CenturyLink also reiterates that competitors can, and do, provide enterprise broadband services in competition with CenturyLink's Listed Services in buildings to which they have not deployed fiber.⁶ As CenturyLink has discussed, fiber deployment is not a prerequisite to providing enterprise broadband services in competition with CenturyLink's Listed Services. CLECs have very successfully used UNE copper loops to provide enterprise broadband services.

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- b. Provide the number of commercial buildings in which a competitor has purchased a **UNE** or **UNEs** from CenturyLink.*

⁶ See Petition at 29-30, Attachment 11.

Response:

CenturyLink provides the requested data in Highly Confidential Attachment 5B for year-end 2013.

6. *Provide separately for each **Listed Service** your total year-end revenues, by customer category identified in your response to Question 2, as of December 31, 2012 and December 31, 2013, for the smallest geographic area(s) that you keep or can readily obtain data.*

Response:

CenturyLink provides responsive information in Highly Confidential Attachment 6A and Highly Confidential Attachment 6B. CenturyLink notes the following with respect to this information:

- Due primarily to regulatory considerations, CenturyLink generally has maintained separate retail and wholesale business units and corporate functions. We therefore separately report revenues for the Retail and Wholesale Groups in Highly Confidential Attachments 6A and 6B, respectively.
 - CenturyLink generally maintains and reports this information to company management at the state level. Accordingly, we have reported the requested information by state, or, more specifically, the combined CenturyTel and Embarq areas in which CenturyLink seeks relief.
 - As noted in the Petition, all of the Listed Services are existing CenturyLink ILEC services, though CenturyLink has not yet deployed Wave service in CenturyTel and Embarq service areas.⁷ The company also does not separately track the sale of Video Transmission services because those services generally are used for short-duration events, such as for transmission of high definition video for television feeds of sporting events. Therefore no revenues are reported for those services.
 - Revenues for ATM and Frame Relay services are reported together, consistent with the way in which they are tracked in CenturyLink's wholesale financial systems.
7. *Provide separately for each **Listed Service** your total year-end revenues, for each of your largest customers (e.g., top 20 customers), excluding competitive local exchange carriers (CLECs), in a geographic market for which CenturyLink seeks relief, as of December 31,*

⁷ Petition at 7 n.17.

2012 and December 31, 2013, for the smallest geographic area that you keep or can readily obtain data.

Response:

CenturyLink provides responsive information in Highly Confidential Attachment 7A and Highly Confidential Attachment 7B. CenturyLink notes the following with respect to this information:

- Due primarily to regulatory considerations, CenturyLink generally has maintained separate retail and wholesale business units and corporate functions. We therefore separately report revenues for the Retail and Wholesale Groups' top 20 customers in Highly Confidential Attachments 7A and 7B, respectively.
 - CenturyLink reports the requested information for the top 20 customers overall, rather than the top 20 customers for each of the individual Listed Services. The Wholesale list includes certain providers who purchase primarily Listed Services from CenturyLink, though they do buy some UNEs from CenturyLink as well.
 - CenturyLink generally maintains and reports this information to company management at the state level. Accordingly, we have reported the requested information by state, or, more specifically, the combined CenturyTel and Embarq areas in which CenturyLink seeks relief.
 - As noted in the Petition, all of the Listed Services are existing CenturyLink ILEC services, though CenturyLink has not yet deployed Wave service in CenturyTel and Embarq service areas. The company also does not separately track the sale of Video Transmission services because those services generally are used for short-duration events, such as for transmission of high definition video for television feeds of sporting events. Therefore no revenues are reported for those services.
 - Revenues for ATM and Frame Relay services are reported together, consistent with the way in which they are tracked in CenturyLink's wholesale financial systems.
8. *For each exchange in a study area for which CenturyLink seeks relief, provide, for the top ten CLECs overall (i.e., not by exchange or study area) ranked by the number of dark fiber lines you ultimately own, but which were subject to a current IRU lease agreement to a CLEC for the 12 months ending December 31, 2012 and December 31, 2013 (do not include any IRUs for interexchange fiber or revenues for the same in answering this question):*
- a) *The name of the CLEC;*
 - b) *Total annual sales revenues earned through the lease of IRUs for dark fiber;*
 - c) *The total number IRUs leased to the CLEC.*

Response:

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9. *For each exchange in a study area for which CenturyLink seeks relief, provide, for the top ten CLECs overall (i.e., not by exchange or study area) ranked by the total number of UNEs sold for the 12 months ending December 31, 2012 and December 31, 2013 (do not include any interexchange UNEs or revenues for the same in answering this question):*
- a) The name of the CLEC;*
 - b) Total annual sales revenues earned through the sale of these UNEs to the CLEC;*
 - c) The total annual number of UNEs sold to the CLEC as:*
 - i) Dry Copper Loops;*
 - ii) DS1s;*
 - iii) DS3s.*

Response:

CenturyLink provides responsive information in Highly Confidential Attachment 9A for year-end 2012 and 2013.

10. *For each exchange in a study area for which CenturyLink seeks relief, provide, for the top ten CLECs (i.e., not by exchange or study area) ranked by lines you leased to a CLEC other than through a UNE or an IRU agreement for the 12 months ending December 31, 2012 and December 31, 2013 (do not include any interexchange lines or revenues for the same in answering this question):*
- a. The name of the CLEC;*
 - b. Total annual revenues earned through the lease of these lines to the CLEC;*
 - c. The total annual number of lines leased to the CLEC:*
 - i. DS1s;*
 - ii. DS3s;*
 - iii. Other TDM services;*
 - iv. Packet Services with a capacity of up to and including symmetric 10 Mbps Services;*
 - v. Other Packet Services;*
 - vi. Dark Fiber; and*
 - vii. Other Business Services.*

Response:

CenturyLink provides responsive information in Highly Confidential Attachment 10A. CenturyLink notes the following with respect to this information:

- We have attempted to categorize the line counts in this chart as closely as possible to that specified in Question 10.c, consistent with the manner in which the company maintains these data. [BEGIN HIGHLY CONFIDENTIAL]

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- CenturyLink generally maintains and reports this information to company management at the state level. Accordingly, we have reported the requested information by state, or, more specifically, the combined CenturyTel and Embarq areas in which CenturyLink seeks relief.
 - Revenues for ATM and Frame Relay services are reported together, consistent with the way in which they are tracked in CenturyLink's financial systems.
11. *For each exchange in a study area for which CenturyLink seeks relief, provide the total number of physical addresses to which you provide business services, excluding: sales of UNEs; standalone sales of PSTN voice services; standalone sales of "best-effort" Internet services (for example, as typically marketed to residential customers); standalone sales of any bundle of PSTN voice services and "best-effort" Internet services (for example, as typically marketed to residential customers); and sales of any interexchange lines, for the 12 months ending December 31, 2012 and December 31, 2013. To the extent CenturyLink contends, however, that "best-efforts" Internet services provided as business services or otherwise are relevant to assessing competition for*

⁸ One other top 10 CLEC has revenues of less than \$100 per month, which have been ignored for purposes of this response.

provision of Listed Services, please provide the total number of physical addresses to which you provide such services.

Response:

CenturyLink provides responsive information in Highly Confidential Attachment 11A. The attachment separately identifies the number of locations to which CenturyLink provides: (a) business services other than “best effort” Internet services; (b) “best effort” Internet services to business customers; (c) the services in (a) or (b).

12. *For each **Listed Service** for which CenturyLink seeks forbearance, identify all Requests for Proposals (RFPs)—including FCC Form 470 or other bidding documents—involving such services to which CenturyLink submitted a bid since January 1, 2012, and provide*
- a) the name of the entity issuing the RFP;*
 - b) the date of the RFP;*
 - c) the counties in which services were to be provided;^[9]*
 - d) the services to be provided;*
 - e) the customer category (identified in response to Question 2 to which services were to be provided;*
 - f) the estimated annual revenue associated with the contract, for the following geographic areas: (1) the nation, (2) each state, (3) each study area, and (4) each exchange that is within CenturyLink region;*
 - g) what other bidders submitted bids in addition to CenturyLink (if known);*
 - h) the result of the RFP (e.g., whether CenturyLink won the bid or the identity of the winning bidder(s), if known).*
13. *Explain what factors contributed to CenturyLink being awarded a contract in response to an RFP identified in response to Question 12 above, and what factors likely contributed to losing any such RFPs to other competitors. With respect to discussing factors contributing to losing bids, supplement the explanation with supporting evidence, if available.*

Response:

CenturyLink provides information responsive to Questions 12 and 13 in Highly Confidential Attachment 12-13A and Highly Confidential Attachment 12-13B. CenturyLink notes the following with respect to this information:

⁹ CenturyLink’s response to Request 12(c) should include all counties in which the services were to be provided, even if some of the counties lie outside of the geographic area in which CenturyLink seeks relief.

- Due primarily to regulatory considerations, CenturyLink generally has maintained separate retail and wholesale business units and corporate functions. We therefore separately report revenues for sales opportunities of our Retail and Wholesale Groups, respectively.
- This information is pulled from Salesforce.com records maintained by the Retail and Wholesale groups in the ordinary course of business. Each group's sales professionals populate these records as part of their day-to-day responsibilities, though the entries vary significantly in terms of completeness. In particular, the records do not reliably identify the opportunities that resulted from formal RFPs, as opposed to other types of opportunities. We therefore have included all sales opportunities in those lists. There is also some variation in the fields found in the Retail and Wholesale reports.
- We have attempted to provide the closest information available to that requested. Some of the requested information generally is not available, such as what competitors submitted bids for a particular opportunity. Also, the records do not include the service address, except in some cases in the "Opportunity Name" field, so we have reported the billing address.
- The last two columns provide the best available information responsive to Question 13.
- For those opportunities won by CenturyLink, the services and quantities identified in Highly Confidential Attachment 12-13A and Highly Confidential Attachment 12-13B do not necessarily correspond to those ultimately provided to the customer, and the actual contract value may differ from that listed there as well.

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As CenturyLink noted in its petition, even when it wins a customer's business, the inflexibility of dominant carrier regulation results in a poor customer experience, as CenturyLink cannot provide the individually-tailored rates, terms and conditions that customers desire and are able to obtain from all of CenturyLink's competitors.